

Montana Property Taxes

Professor Douglas J. Young

Agricultural Economics &
Economics

& Extension Service, MSU

April, 2008



What is a “Good” Tax System?

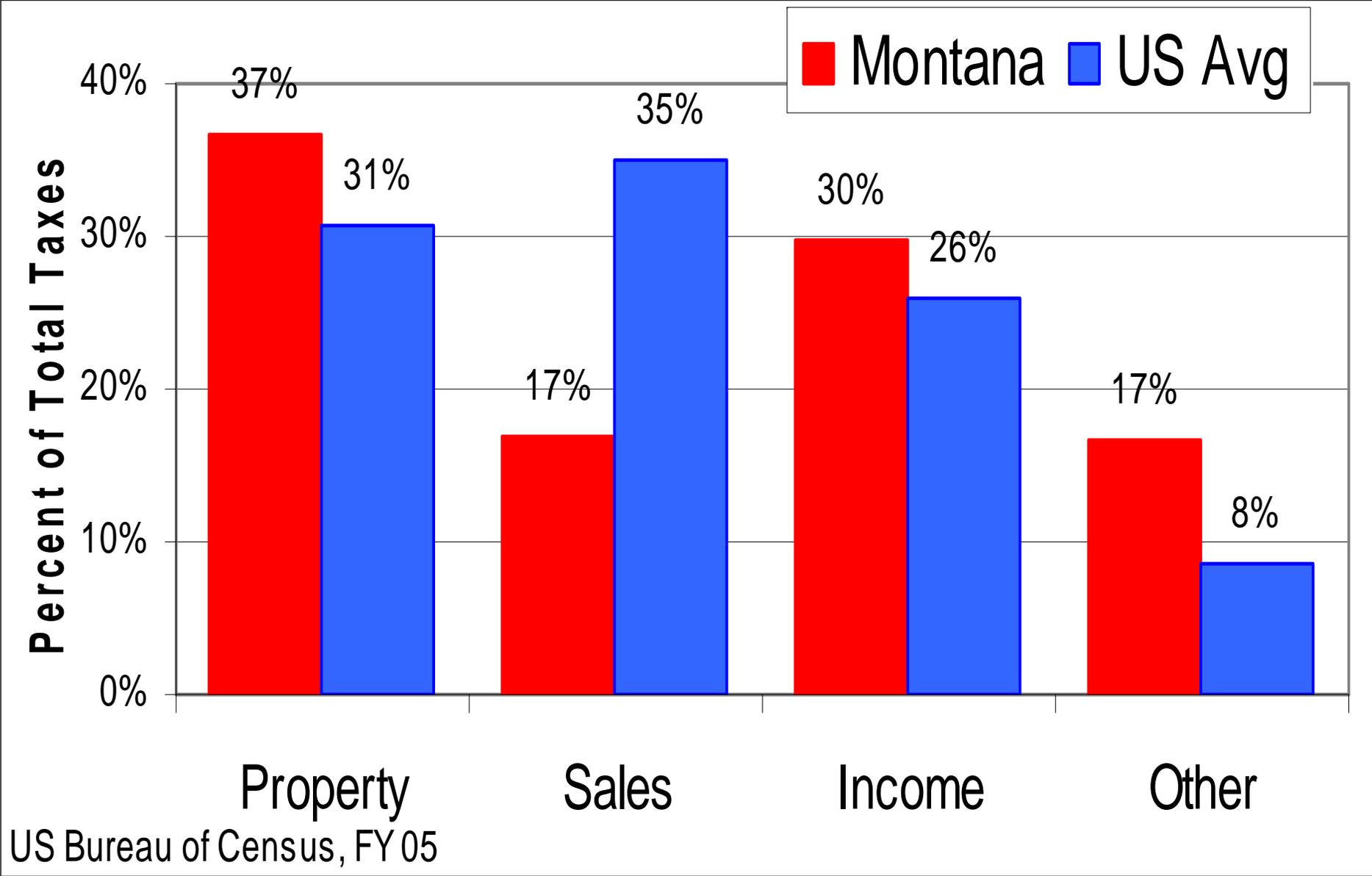
- **Promotes Economic Opportunity**
- **Fairly Distributes the Burden**
- **Low Administrative & Compliance Costs**
- **Provides Adequate Revenues**
- **Provides Stable Revenues**

Are Montana's Taxes High?

State	\$/Capita	Rank	%Income	Rank
Montana	\$3,108	44	9.5%	42
Idaho	\$3,159	41	10.2%	31
N. Dakota	\$3,421	33	9.8%	37
S. Dakota	\$3,177	40	9.2%	45
Wyoming	\$4,102	16	10.1%	33
U.S. Avg.	\$4,072		10.6%	

Source: Tax Foundation, 2006 "America Celebrates Tax Freedom Day", Table 6

Tax Composition



Montana Property Taxes

Tax Years 1996 -2007

\$ Millions	1996	2007	% Change
Taxable Value	\$ 1,867	\$ 2,059	10%
Taxes Levied	\$ 775	\$ 1,210	56%
Average Mill Rate	415	588	42%

Note: Taxes include SIDs

Source: Montana Department of Revenue

Property Taxes by Function

\$Millions	1996	2007	Change
Education	\$ 488	\$ 671	\$ 183
Counties	\$ 137	\$ 269	\$ 133
Cities/Towns	\$ 57	\$ 110	\$ 54
Misc. Districts	\$ 53	\$ 39	\$ (14)
Other*	\$ 7	\$ -	\$ (7)
SIDs	\$ 34	\$ 121	\$ 87
Total	\$ 775	\$ 1,210	\$ 435
Other* = State Assumption of Welfare in 1996; \$0 in 2007			

Source: Montana Department of Revenue

Property Taxes and Income

\$Millions	1996	2007	% Change
Total Property Taxes	775	1,210	56%
Personal Income (PI)	16,880	31,090	84%
Property Tax / PI (%)	4.60%	3.90%	

Sources: Montana Department of Revenue and US Bureau of Economic Analysis

Property Tax Rates - Residential

<u>State</u>	<u>Rate</u>	<u>Rank</u>
Montana	1.1%	34
Idaho	0.7%	44
N. Dakota	2.0%	6
S. Dakota	1.2%	22
Wyoming	0.6%	46
U.S. Average	1.3%	

Source: Minnesota Taxpayers Association, 50-State Property Tax Comparison Study, Payable 2006, \$150,000 property in Urban (Billings) area.

Property Tax Rates - Residential

<u>State</u>	<u>Percent of Value</u>	<u>Rank</u>	<u>Percent of Income</u>	<u>Rank</u>
Montana	0.9%	21	2.8%	24
Idaho	0.8%	27	2.5%	28
N. Dakota	1.4%	8	2.7%	25
S. Dakota	1.3%	11	2.8%	22
Wyoming	0.5%	39	1.4%	46
US Average	0.9%		2.8%	

Source: Tax Foundation, from Bureau of the Census, American Community Survey (2006)

Property Tax Rates - Residential

<u>County</u>	<u>Percent of Value</u>	<u>Percent of Income</u>
Cascade	1.0%	2.7%
Flathead	0.8%	3.1%
Gallatin	0.7%	3.1%
Missoula	0.9%	3.9%
Yellowstone	1.0%	2.9%

Source: Tax Foundation, from Bureau of the Census, American Community Survey (2006).

Commercial Property Taxes

\$1m Real, \$200k Fixtures in Urban Area

<u>State</u>	<u>Rate</u>	<u>Rank</u>
Montana	1.4%	35
Idaho	1.1%	46
N. Dakota	1.8%	25
S. Dakota	1.4%	32
Wyoming	0.5%	51
U.S. Average	2.0%	

Source: Minnesota Taxpayers Association, Payable 2006

Industrial Property Taxes

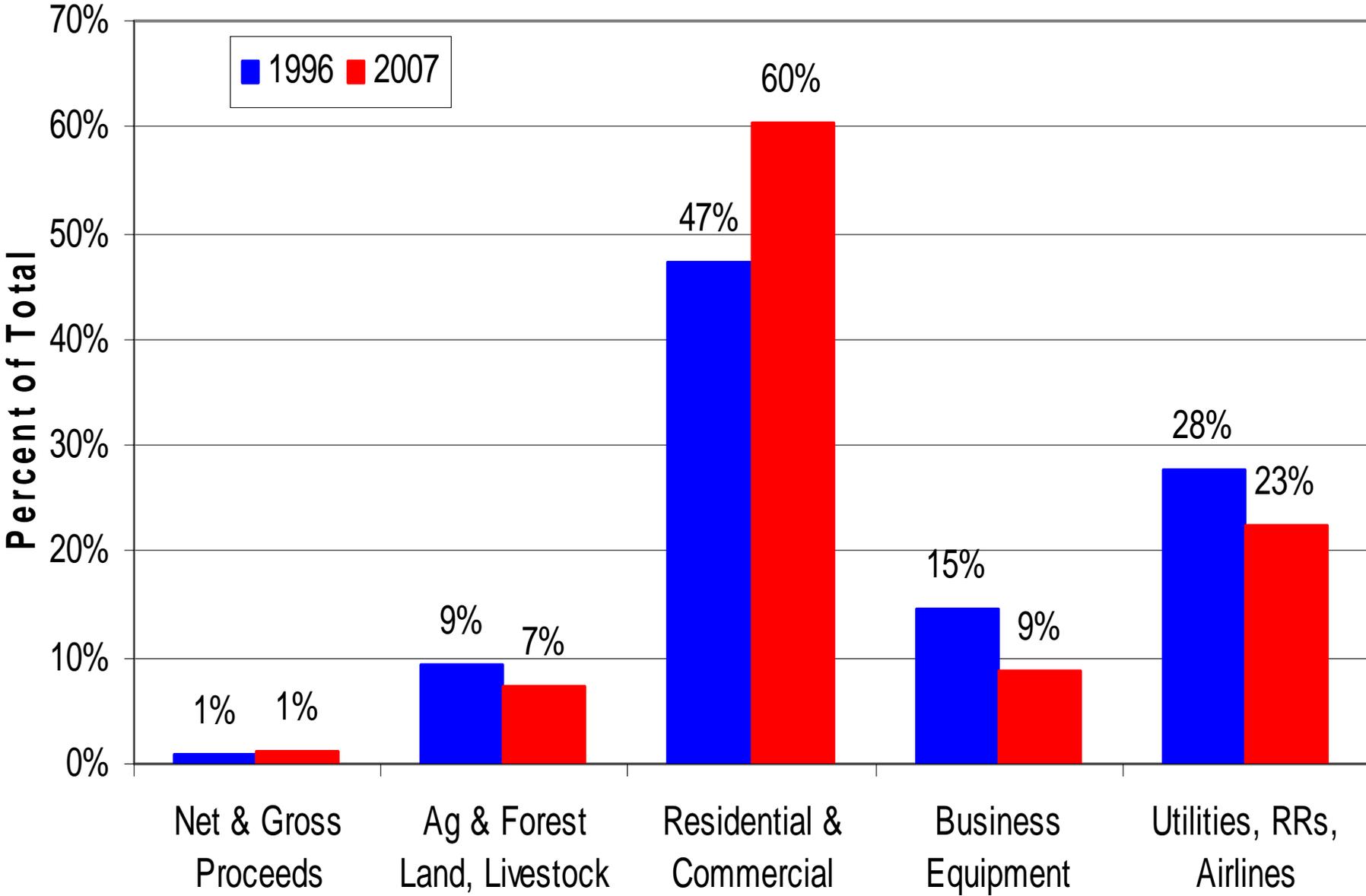
\$25m Real, \$12.5m Equip, \$10m

Inventories, \$2.5m Fixtures in Urban Area

<u>State</u>	<u>Rate</u>	<u>Rank</u>
Montana	1.2%	31
Idaho	0.9%	43
N. Dakota	1.1%	37
S. Dakota	0.8%	44
Wyoming	0.5%	49
U.S. Average	1.5%	

Source: Minnesota Taxpayers Association, Payable 2006

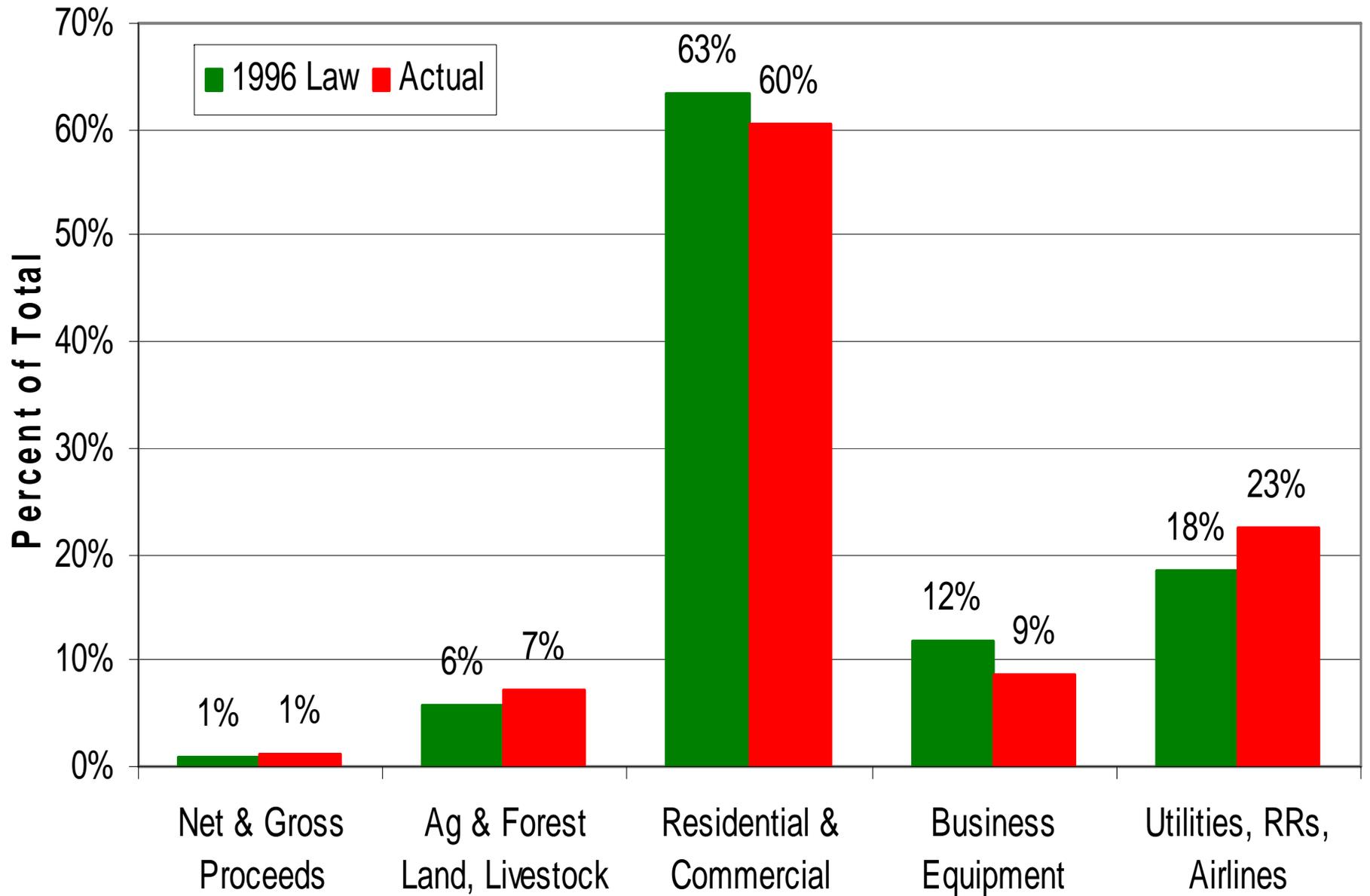
Taxable Value of Property - Actual



What if the Laws Did NOT Change?

- Business Equipment *Stay* at 8%
- Electrical Generation/Telecomm *Stay* at 12%
- Livestock *Stay* at 4%
- Residential/Commercial *Stay* at 3.86%
- *No* Homestead/Commstead Exemptions
- Reappraisals (to 2002) *Fully Implemented*

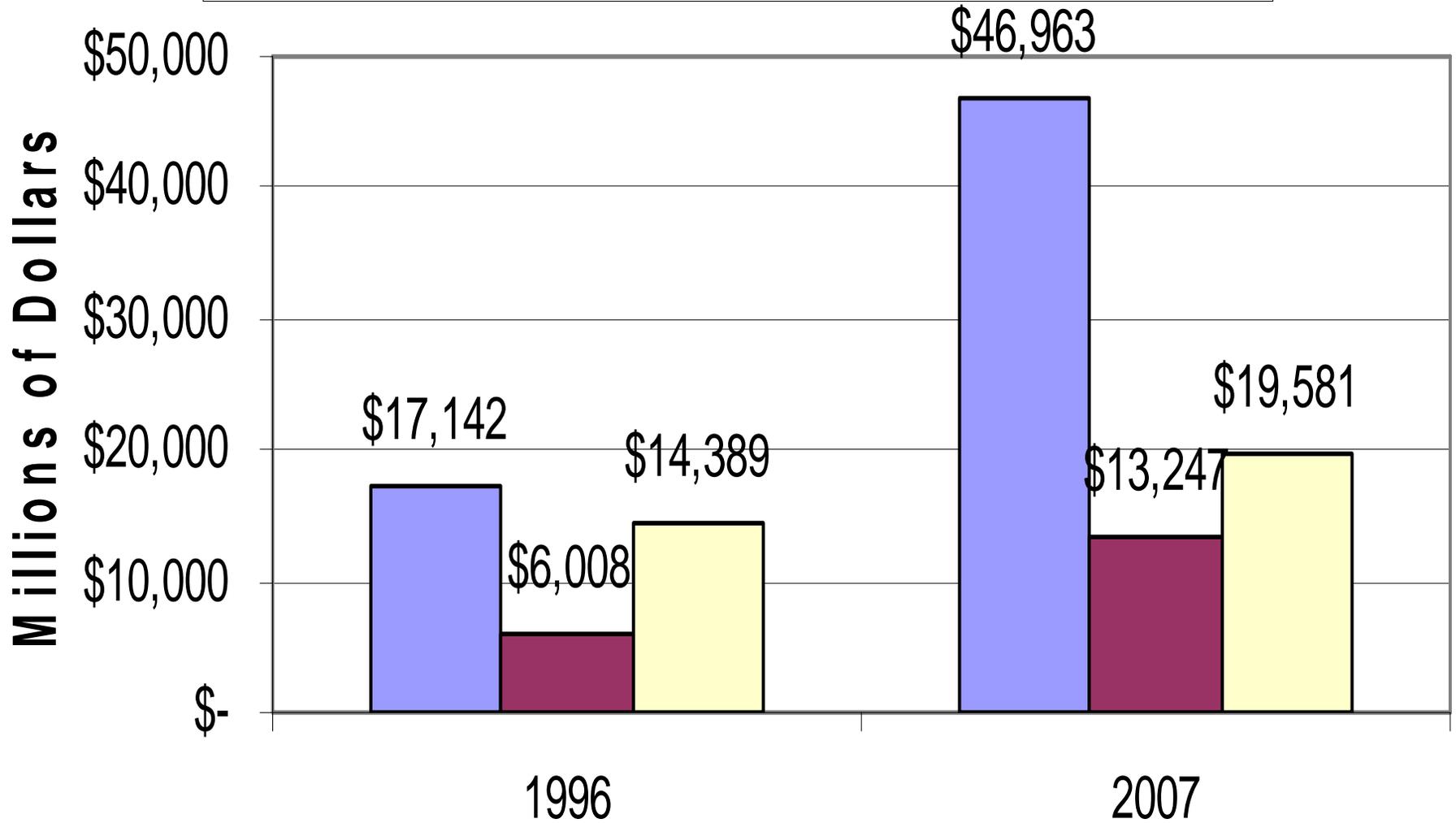
TY2007 Tax Base



Montana Department of Revenue and author's calculations

"Market" Value of Property

■ Class 4 - Residential ■ Class 4 - Commercial ■ All Other



Montana Department of Revenue

Questions?

E-mail:

djyoung@montana.edu

Website: <http://djyoung.org>

Click on “Papers”

